

6 MAR 1984

MEMORANDUM FOR: Executive Director

FROM: James H. McDonald
 Associate Deputy Director for Administration

SUBJECT: Contract Close Outs

REFERENCE: Your note of 5 March 84 on Pink Routing Sheet of Memo
 For EXDIR from D/OF, Subject: Custom Applied Microwave
 Corporation Contract #76-A012650-000 dtd 21 Feb 84
 (DDA 84-0583)

STAT

1. With reference to your note concerning write off of overpayments or losses on a number of old contracts and whether our procedures are adequate, unfortunately we are seeing the impact of too little personnel resources available for the contract administration aspects of procurement during the mid- and late 70s. The bulk of the attention by the Procurement Division, OL, and the Office of Finance was placed on getting the workload out, i.e., contracts negotiated and written and payments made with little or no time for administration and settlement. As a consequence there is a substantial backlog of contracts which had been completed or terminated several years ago which need to be audited and settled. Both the Offices of Logistics and Finance were aware of this but did not have the resources to apply to the problem.

2. More recently, both offices have hired Agency annuitants to clean up the backlog. Ergo, the rash of contract closeouts, a few of which involve contractors no longer in business who were overpaid. The amounts have been relatively small but, nevertheless, are unfortunate.

3. Both the Offices of Finance and Logistics feel their procedures are adequate and that they can reduce the current backlog of contracts awaiting final settlement and close out if sufficient manpower can be applied. Hopefully, with the addition of the annuitants and the approved personnel increases both offices are receiving, we can catch up in about a year. We are monitoring this periodically and will ensure that it receives the necessary attention and whatever assistance is necessary.

ADDA/JHMcDonald:cn (6 Mar 84)

/s/ James H. McDonald

James H. McDonald

Distribution:

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A-100

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM: C/A&CD

EXTENSION

NO.

DATE 1 Feb 84

STAT

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. D/OF
1212 Key

2/21

[Signature]

Signature

2.

3. DDA
7D24 Hqs

24 FEB 1984

[Signature]

4. *2BC*
Compt.

3/1/84

[Signature]

*ETR HAS Pending
notes.*5. Exec Director
7D55 Hqs

05 MAR 1984

[Signature]

*5-6: Is our internal process adequate?
Bad debt writeoff could save additional
administrative costs if handled as soon
as it appears that collection is
impossible. I've seen several cases
Return to*6. DDA
7D24 Hqs.

7. C/A&C Div

8.

9.

10.

11.

12.

13.

14.

15.



STAT

STAT